

EXECUTIVE SUMMARY

Purpose

To describe States' current practices and discuss implementation issues concerning cost sharing for services to older persons under Title III of the Older Americans Act.

Background

Through the Administration on Aging (AoA), the Older Americans Act (the Act) of 1965 authorizes financial assistance to States for services to older persons. Services provided under Title III of the Act include, but are not limited to, nutrition, transportation, and in-home personal and medical services. The AoA's programs reach elderly citizens through a wide network of public and private agencies, including local area agencies on aging and service providers.

In the past, States, area agencies on aging, and service providers have been allowed to ask recipients of Title III funded services for voluntary contributions, to help cover the cost of the service. Mandatory charges for the federally funded portion of these services is not allowed, although States can charge for all or part of their portion of the funded service. Known as cost sharing, these charges have helped some States maintain or expand services to recipients. In the current reauthorization of the Act, AoA proposed amendments that would allow States, area agencies on aging, and service providers to charge for some of the Title III funded services.

The AoA requested information on current cost sharing activities within the States. We surveyed 57 States and territories to obtain the information in this report.

FINDINGS AND ISSUES

All States collect voluntary contributions and 36 States make use of cost share programs. States' specific experiences with these practices will affect their readiness to implement Title III cost sharing.

Thirty-six States reported to us that they have some sort of cost sharing program for services to elderly people. These programs vary considerably. They may use State Units on Aging, other State agencies, area agencies on aging, and local service providers, or a combination of the above, to bill, collect, and carry out other responsibilities. Services cost shared also vary greatly, but in-home personal services and adult day care programs are the most commonly reported cost shared services. As with cost sharing, States vary greatly in their voluntary collection activities. After nutrition services, transportation is the most common service for which voluntary funds are collected.

The extent of area agency on aging involvement, and how fees are determined, including the use of sliding-scale fee schedules, will be important to effectively implementing Title III cost sharing. Sliding-scale fee schedules help address the "fairness" question of cost sharing, since recipients are asked to pay only what they can afford, based on their income.

State respondents expressed a variety of opinions regarding the potentialities of cost sharing Title III funds. Opinions ranged from great support for the idea, to great caution.

One-half of State respondents believe they can expand the provision of some services to recipients through cost sharing. They also said that successful implementation will depend in part on how the cost sharing is explained to, and thus accepted by recipients. However, some respondents expressed great concern that cost sharing might encourage some service providers to reach out to recipients better prepared to share costs, thus undermining targeting efforts to low-income elderly.

Cost sharing with Title III funds raises accountability and oversight questions for States, area agencies on aging, and service providers.

Nine States with cost sharing programs currently verify the reported income of recipients receiving services. Most cost sharing programs use "self-declaration" by recipients. Some respondents were concerned that asking recipients to reveal their income might embarrass or anger them to such an extent that they will drop out of programs. Other respondents questioned the overall cost effectiveness of income verification versus self-declaration by recipients.

Cost sharing will also require billing and collection activities that might not currently exist, including policies and procedures on payment default by recipients. States seem to have few written policies in this area so far. General policies range from strict service termination to never terminating services regardless of payment default.

IMPLEMENTATION

If Congress enacts legislation to permit cost sharing, the AoA will need to carefully consider their direction, oversight, and technical assistance to States, area agencies on aging, and service providers. Special attention will be needed concerning the use of fee schedules, income declaration and verification, billing and collection activities, and policies on payment default. Some States will need more help than others.

The AoA provided comments about this report; they can be found in Appendix C. The AoA states that the information in the report has provided them with the necessary background information required to assess cost sharing language in reauthorization bills in both the House and the Senate. The AoA also anticipates that the survey data will provide baseline information to develop program policy and technical assistance for State agencies administering programs under the Older Americans Act.